

Senate Bill No. 784

CHAPTER 608

An act to amend Section 50544 of the Health and Safety Code, relating to balancing jobs and housing.

[Approved by Governor October 7, 2001. Filed with Secretary of State October 9, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

SB 784, Torlakson. Balancing jobs and growth.

The existing Jobs-Housing Balance Improvement Program requires the Department of Housing and Community Development to make grants to eligible local agencies from funds appropriated in the Budget Act of 2000 for assistance in attracting new business and jobs in 'housing rich' communities that lack an adequate employment base to match the amount and cost of housing in those communities, for the creation of economic development strike teams to target and coordinate outreach to employees who may choose to locate within the community, and for specified capital outlay projects designed to encourage the construction of housing in urbanized areas. Existing law requires, no later than December 31, 2005, the department to provide a final report regarding the achievements and expenditures by local government through the program.

This bill would provide that specified funds transferred and appropriated pursuant to the Budget Act of 2000 and the Budget Act of 2001, as well as funds appropriated thereafter for these purposes are to be used to award incentive grants to cities, counties, and city and counties to be used for any project, service, or other local need determined by the city, county, or city and county to be in the community's best interest. The bill would authorize the department to operate the program through at least one annual allocation. The bill would require the final report to be issued within 12 months following the final allocation of funds.

The people of the State of California do enact as follows:

SECTION 1. Section 50544 of the Health and Safety Code is amended to read:

50544. (a) One hundred million dollars (\$100,000,000) of the funds transferred for purposes of this chapter in Item 2240-114-0001 of the Budget Act of 2000, any funds transferred in Item 2240-114-0001

and appropriated pursuant to Item 2240-114-3006 in the Budget Act of 2001, and any funds appropriated thereafter for the purposes of this section shall be used to award incentive grants to cities, counties, and city and counties to be used for any project, service, or other local need determined by the city, county, or city and county to be in the community's best interest. Grants shall be provided through a grant agreement that requires the recipient to provide to the department a report on the number of residential building permits issued during the reporting period, the number of certificates of occupancy issued for those units, and the services provided or amenities purchased or built. The department may operate this program through at least one annual allocation. In addition, because housing production may be affected by economic factors during the course of any allocation year, the department may, if it deems necessary, reasonably adjust incentive criteria to meet the intent of this section and allow funding to remain available for subsequent annual funding cycles upon expenditure authorization by the Legislature.

(b) To be eligible for a grant pursuant to this section, a local government shall do both of the following:

(1) By the end of the calendar year in which unit production is to be counted (hereafter referred to as "allocation reporting year"), have an adopted housing element that the department has determined pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) Have a demonstrable and significant increase in the issuance of residential building permits issued between January 1 and December 31 of the allocation reporting year over the average number of building permits issued annually for the most recent 36-month period that can be calculated prior to the allocation reporting year. The department shall establish a benchmark level to be achieved in order to establish eligibility for funding based on criteria including a survey of economic forecasts to be conducted by the Department of Finance no later than November 30 of the year prior to the reporting year for any year in which the program is to be operated.

(c) Grant amounts shall be determined as a per-unit incentive weighted for high, medium, and low employment demand areas. In addition, the department shall provide additional incentives for units in projects within eligible communities that meet criteria designed to encourage planning priorities such as affordability, multifamily housing, and infill development. The department shall establish the definitions and measurement specifications for the incentive criteria to



be used to determine grant amounts that are easily and objectively verifiable.

(d) Funding shall be provided as soon after January 1 of the year following the allocation reporting year, as is reasonably possible, allowing time for receipt by the Department of Finance of yearend production figures as well as other information necessary to apply the established criteria. If all funds are not expended after the end of the calendar year in which housing production is counted, the department may continue the program into the following year if it determines there are adequate appropriated funds to administer the program. If residential production within eligible jurisdictions exceeds the department's projections, per-unit incentives shall be prorated within the appropriated funding amount.

(e) The department shall solicit and consider comments from interested parties on the criteria that shall be used for determining the amount of funds granted per unit. The department may deny funding to any jurisdiction that it determines, based on reasonable evidence, failed to issue residential building permits on a timely basis between the effective date of this chapter and January 1, 2001, or, where the department determines, upon reasonable evidence, that the jurisdiction inappropriately withheld the issuance of building permits so that it could be counted in a subsequent allocation reporting year.

(f) No later than December 31, 2002, and on December 31 of each subsequent year in which funds are expended, the department shall provide an interim report to the Legislature indicating the benchmark levels of production established, the number of jurisdictions accessing the program, the number of residential units building permits issued above the established benchmark, and the success of the additional incentives in achieving state housing policies. When all funds have been expended, the department shall provide a final report with updates to the data contained in the previous reports, a description of the achievements and expenditures by local governments through the program and information regarding the number of certificates of occupancy issued in relation to the residential building permits issued. The report shall be issued within twelve months following the final allocation of funds.

